



2007 STATE WORKFORCE PLANNING REPORT

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

TABLE OF CONTENTS

INTRODUCTION	4
HIGHLIGHTS OF FINDINGS	5
WORKFORCE PLANNING ISSUES	8
WORKFORCE FACTS	10
Population Served	10
Number of State Employees	10
Employee Demographics	16
Employees Approaching Retirement	22
Turnover	26
Hiring	29
Market Comparison	31
Qualification Requirements	34
Training Statistics	35
AGENCY WORKFORCE PLANNING ACTIVITIES	38
Agency Assessment of Need	38
Agency Plans	40

TABLE OF CONTENTS

(Continued)

CURRENT STATEWIDE HUMAN RESOURCE PROGRAMS	44
Recruitment	44
Training and Development	45
Performance Management	47
Discipline	48
Benefits and Other Policies	49
Rewards and Recognition	49
Career Planning	51
Compensation Emphasis in Budget	51
Fairness and Equity	52
Constraints	53
APPENDIX:	
VIRGINIA WORKFORCE PLANNING RESOURCES on the WEB	55

INTRODUCTION

Workforce planning is an integral part of any organization's management of its human resources. Workforce planning is an effort to coordinate human resource management programs so that they support the strategic goals of the organization. Programs such as job evaluation, compensation management, performance management, training and development, and recruitment are all components of a successful workforce planning effort.

The focus of workforce planning is on current staffing issues as well as anticipated future staffing needs. The process involves assessing the current workforce in terms of whether or not its size is adequate, whether it is deployed effectively, and whether employees' competencies support high performance. The organization should identify employees or occupations with skill gaps or other performance problems and develop action plans to address them.

An organization anticipates future staffing needs by assessing the number of employees approaching retirement, turnover rates, programs that are growing or diminishing in importance, and areas that are being affected by technology changes. The next step is to determine the effect of anticipated staffing needs on staff competencies.

Plans for closing or avoiding skill gaps may include recruitment strategies; use of compensation tools; succession planning; and identifying learning resources and opportunities for retraining or cross training. Organizations and the labor markets are continuously changing, so the success of staffing strategies should be evaluated periodically and strategies revised as necessary.

This report has been prepared to summarize the Commonwealth of Virginia's current workforce planning issues and explain the reasons why they are important. It will also suggest options that may help state agencies to address workforce-planning challenges. The report focuses on classified employees, those subject to the Virginia Personnel Act.

The Department of Human Resource Management (DHRM) began to identify workforce planning as an important activity during a strategic planning session in 1998. Since that time, the workforce-planning program has gradually risen in importance. Efforts to date have been aimed primarily at increasing managers' awareness of the need for workforce planning so that agencies can respond to their staffing challenges more effectively.

Web-based workforce planning resources currently available to agencies are described in the appendix to this report. These resources include a large number of formatted reports and inquiry tools allowing analysis of agency records and transactions.

The focus going forward will be on implementing strategies to ensure a continuing high level of performance by state agencies. DHRM plans to continually enhance its web-based reports to support this effort, including trend analysis and flexibility for agencies to generate ad hoc reports.

HIGHLIGHTS OF FINDINGS

THE VIRGINIA POPULATION

- ✓ According to the U.S. Census Bureau, the Virginia population increased 14.40% from 1990 to 2000. Figures from the Bureau show Virginia's population to have increased by 7.97% from 2000 to 2006. Translated into annual terms, the average yearly growth of 1.355% from 1990 to 2000 has slowed to 1.287% from 2000 to 2006. The Virginia population has grown 23.52% since 1990, while state employment has grown 8.98%. The Weldon Cooper Center has noted a population shift to metropolitan areas and away from older central cities and rural areas.
-

STATE JOBS

- ✓ Over the last 16 years, the total number of state employees has increased from 108,132 to 117,845. The number of classified employees declined from 75,155 to 72,591.
 - ✓ According to the Bureau of Labor Statistics, between 2002 and 2012, government employment is expected to increase by 11.8 percent, from 21.5 million to 24 million jobs in the U. S. (public education and hospitals are included in these estimates). State government educational services also are projected to grow 17.5 percent, adding 388,000 jobs.
 - ✓ In terms of major occupational groups, the pattern of jobs in Virginia's public service remained relatively stable from June 2004 to January 2007.
-

STATE EMPLOYEE CHARACTERISTICS

- ✓ A summary of the educational levels of current classified employees indicates that 35.1% have a Bachelor's degree or higher; this percentage will likely continue to rise. The remaining 64.9% of classified employees have less than a college Bachelor's degree.
- ✓ The average age of classified employees on January 1, 2007 is 45.8 years. Only 5% of classified employees are currently 25 years old or younger. The number of classified employees 60 years old or older is 8.7% of the workforce.
- ✓ State employees with less than 5 years service are 36.4% of the workforce, while 14.1% have over 25 years of service. On average state employees have 11.6 years of current service.
- ✓ There were 23,463 new hires between July 2004 and January 2007, or 9,385 per year. Of this number 65.1% were in only 15 Roles. Many of those who left state service were recent hires, which results in high recruitment costs and difficulty in carrying out the agencies' missions.

- ✓ On June 30, 2006, there were 6,416 classified employees (8.8% of the total) eligible for an unreduced retirement. If no employees were to retire during the next five years, 11,972 (16.5% of classified employees) would be eligible for unreduced retirement in 2011. After ten years, 27,440 (37.8%) would be eligible.
- ✓ If the recent retirement rate continues, over the next ten years 16,000 more employees will have retired. Then, 11,440 remaining employees would be eligible for full retirement on June 30, 2017. That total is 5,024 higher than the number currently eligible.
- ✓ There are 109 roles with 100 or more employees. Ten percent or more of the employees in all of these most populous roles will be eligible for an unreduced retirement within the next ten years. For 53 of the roles, the percentage will be 40% or higher.

HUMAN RESOURCE PROGRAMS

- ✓ The Commonwealth has human resource management programs in place to support high performance. These programs address recruitment, training, performance, discipline and rewards. They are highly decentralized so that agencies are able to respond quickly when staffing challenges are identified. Constraints to these activities relate to funding, available skill sets in the labor market, the image of public service, and the perception of limited career and salary growth for state employees.
- ✓ A report of training activity indicated that during the 2006 fiscal year, attendance in courses, workshops, in-service sessions, and classes totaled 284,689. Training expenditures for fiscal year 2006 totaled \$63,324,636 in all agencies.
- ✓ A number of staffing strategies are available to state agencies. Most agencies are currently using compensation tools and rewards and recognition. Agencies are also using programs such as cross training; mentoring; and employing interns, wage employees, and volunteers.

STATE JOBS AT RISK

- ✓ Agencies identify job roles at risk for continued effective staffing to be Registered Nurses and other health care jobs; information technology jobs; skilled trade workers; administrative specialists; and program administration specialists. Some lower-skill jobs were also identified as difficult to fill.
- ✓ Agency workforce plans discuss jobs at risk. Among those jobs are engineering positions. Charge positions will require Professional Engineer licenses by 2010. Department of Social Services licensing positions were mentioned as being at risk due, in part, to the discontinuation of a training program formerly available through the Licensing Institute. Vocational evaluators in the Department of Rehabilitative Services will be required to be certified or have a Master's degree by 2008. Epidemiology positions in the Department of Health are at risk due to a lack of formal academic training programs. The Department for the Blind and Vision Impaired mentioned orientation and mobility instructor positions as hard-to-fill.

- ✓ Agency workforce plans identified 13 major staffing issues. The issue most prevalent was concern about the agencies' decreased or inadequate number of employees. Second was that demand for agency services has increased. Funding for salary increases and program administration were also cited frequently.

WORKFORCE PLANNING ISSUES

Workforce planning challenges are real and significant. State agencies and other employers have been successful in doing more with less in recent years, primarily through the use of technology. However, the combined effects of the aging workforce, increased workloads, and increasingly complex programs place limits on how much more can be done with less, particularly for occupations requiring advanced knowledge and experience. A number of events have combined to create the potential for a future staffing crisis.

Things to Consider

- ❑ The average age of state employees has increased along with the general aging of the “baby boomer” generation.
- ❑ Some state agencies have been unable to hire replacements for employees who have left state service in recent years, reducing the opportunity for new employees to develop the skills needed for them to successfully replace the highly skilled workers who will retire in the future.
- ❑ In an atmosphere of doing more with less, agencies require fully proficient employees in order to fulfill their missions; therefore, where agencies have been able to hire replacements for employees who leave, they have had to hire highly experienced applicants, rather than less experienced workers who might be developing their skills and knowledge for the future; inexperienced workers produce less in terms of quantity and quality and they also reduce the productivity of the experienced workers who mentor them.
- ❑ State employees’ salaries are not keeping pace with compensation paid by other employers, resulting in a competitive disadvantage for state agencies and additional stress on the workforce.
- ❑ Many employees have not retired when they became eligible as a result of factors such as the cost of health insurance and medical care, low returns on investments, and the soft job market; this situation affects the age of the workforce and may affect its morale, productivity and healthiness. State retirement programs’ liabilities may decrease as a result of delayed retirements, but any savings may be offset by the increasing cost of providing health benefits.
- ❑ The soft job market has also resulted in more applicants for state job openings; mergers and acquisitions, outsourcing, and off-shoring jobs also have contributed to the availability of applicants. It is unknown whether or not this trend will continue over the long term.
- ❑ Training and development costs are often discretionary, so training efforts may have been limited in some agencies as a result of budget reductions.
- ❑ Having overextended employees can limit time that can be spent on activities that, while important, are not essential to day-to-day program administration- activities such as strategic planning, process documentation, innovation, information management, and knowledge transfer activities; these activities are essential for implementing staffing strategies for the future.

- ❑ While staff levels in many programs have been reduced, the number and complexity of state programs continue to increase; increasing mandates without staff increases results in increased stress on staff and may have a negative effect on morale, employees' health, and productivity.
- ❑ Increased security requirements for buildings and information systems may create additional obstacles to employees' effectiveness.

The events described above have impacted not only state agencies, but other employers as well. There is the potential for a shrinking supply of experienced workers throughout the labor market for high-skill occupations.

Conclusions

The Commonwealth is not an employer of choice for many occupations. State agencies have effectively identified their staffing issues and they have detailed a large number of strategies to address these issues. However, many state agencies do not have adequate staff or financial resources to meet the mandates of today or to use the tools at their disposal to ensure staffing success in the future. Agencies need additional funds to support hiring, employee development, motivation, and retention strategies.

The average current state employee has a high level of skill and experience and a strong commitment to providing effective services to the public. These employees may be difficult to replace in the future. As staff numbers are reduced and staff on board continue to age or to be replaced by less experienced workers, the increasing complexity of state programs will be particularly challenging.

Some jobs are already difficult to fill. The greatest risks to future staffing exist where a high percentage of workers in an occupation are likely to retire, where there is a high skill and/or experience requirement for replacements, where there are relatively few employees who have been developing replacement skills, and where the state's compensation levels are not competitive.

Agencies most frequently listed housekeeping and apparel workers, registered nurses (RNs), skilled trades workers, skilled administrative specialists and program specialists, information technology specialists, environmental specialists, and law enforcement officers as occupations with significant numbers of employees that are at risk of future staffing problems. As noted above, tools are available to address these risks if resources are available to support them. For example, special salary adjustments were approved for sworn staff of the Department of State Police. Another example is a pilot program in the Department of Mental Health, Mental Retardation, and Substance Abuse Services for hiring foreign nurses. That department is also pursuing methods to encourage certified nursing assistants (CNAs) and licensed practical nurses (LPNs) to obtain the RN designation.

There are other programs that can influence the success of future staffing efforts. Educational programs should focus on occupations where employees are in demand and on the skills that current and future employees will need to perform in them effectively. Phased retirement for state employees would provide an opportunity to maintain institutional knowledge and transfer knowledge to new employees gradually. However, the use of phased retirement to meet human resource needs is limited by Internal Revenue Service regulations.

WORKFORCE FACTS

POPULATION SERVED

Population Trend

According to the U.S. Census Bureau, the Virginia population in 2000 was 7,078,515, having increased from 6,187,358 in 1990, a total increase of 14.40% and an annual increase of 1.355%. The Bureau estimated Virginia's 2006 population to be 7,642,884, an increase of 23.52% since 1990 and 7.97% since 2000. The increase from 2000 to 2006 translates to an annual growth of 1.287%, a slight decrease from the previous decade.

The Weldon Cooper Center at the University of Virginia noted that Virginia's population increase was due almost equally to natural increase (more births than death) and to net in-migration. It also noted that Northern Virginia localities led the state in population growth. Though most localities gained population since 2000, the Center found 33 that lost population. These were older central cities (e.g.: Richmond, Petersburg, Portsmouth, and Roanoke) and rural localities in Southside and Southwest Virginia. The Center found that, while the declining cities realized natural increase, it was offset by out-migration. Localities in Southside and Southwest Virginia, on the other hand, experienced decrease due to both out-migration and an excess of deaths over births. The Center saw large growth in areas surrounding the declining cities, so it concluded that Virginia's population is shifting to metropolitan areas and away from older central cities and rural areas.

NUMBER OF STATE EMPLOYEES

Current Employment

As of January 31, 2007, there were 97,430 full-time equivalent (FTE), salaried state employees in the Executive Branch. Of these, 72,591 were classified employees, covered by the Virginia Personnel Act. Among all Branches of government, there were 102,448 salaried FTE employees and 15,471 temporary FTE employees, a total of 117,919 FTE employees.

Employment Trend

Total FTE employment dropped from 115,361 to 112,455, or 2.52%, between December 31, 2001 and June 30, 2004. Among all Branches of government, the number of salaried employees decreased 2.7%, to 97,614; temporary employees decreased by 1.3%, to 14,841. The number of salaried employees in the Executive Branch decreased from 95,691 to 92,844 during that same period, a reduction of 2,847, or 3.0%. Employment declined in all but two Cabinet Secretarial areas.

From the current employment figures cited above, one notes that Virginia's state public service has recovered from its former decline. Between June 30, 2004, and January 31, 2007, total FTE employment increased by 4.86% (from 112,455 to 117,919) with increases observed in both salaried, 4.95%, and temporary, 4.24%, FTE employment. The Executive Branch realized a 4.94% increase in salaried FTE employment (from 92,844 to 97,430).

A long term view provides additional insight. In the 16 years from June 30, 1990, to June 30, 2006, the total number of FTE state employees increased from 108,132 to 117,845. This was an increase of 8.98%, or a long term average of 0.54% per year, contrasted with a Virginia population growth of 23.52% during the same period. This modest increase in employment vis-à-vis the population increase does not convey the whole picture. Despite the recovery from the decline in June 2004 noted above and the increases between June 1990 and June 2006, the number (head count) of classified employees in January 2007 was actually less than that reported for June 1990 (72,591 vs. 75,155). [One notes that employment from June 30, 2006, (117,845 total FTE; 72,594 classified) to January 31, 2007, (117,919 total FTE; 72,591 classified) has been almost level.]

Current Employees by Occupation

The Commonwealth's classified workforce is large and complex. There are 31 broad occupational roles with 500 or more employees, as listed in Table 1.

A total of 51,190 employees are assigned to these 31 roles as of January 1, 2007. They represent 70.61% of the 72,492 classified employees on that date and they include a wide variety of occupations with varying skill requirements.

Counts from previous years are included in Table 1 to provide data allowing an assessment of the stability of the number of employees in these Roles and to show if they are increasing or decreasing.

Table 1
Number of Employees in the Most Populous Roles

Role Code	Role Title	Counts for Years		
		2000	2004	2007
19013	Administrative and Office Specialist III	8190	8634	8896
69113	Security Officer III	7799	7178	7074
49052	Direct Service Associate II	3737	3663	3541
19012	Administrative and Office Specialist II	4656	3783	3403
79152	Transportation Operator II	3445	3200	2720
79071	Housekeeping &/or Apparel Worker I	1572	1769	1779
19211	Program Administration Specialist I	823	1747	1728
79033	Trades Technician III	1324	1541	1629
39112	Information Technology Specialist II	896	1409	1393
69091	Probation Officer I	1258	1203	1293
19031	Financial Services Specialist I	1016	1221	1259
69072	Law Enforcement Officer II	1256	1301	1197
39073	Engineering Technician III	1359	1252	1137
19212	Program Administration Specialist II	647	796	1068
49012	Counselor II	1089	967	1001
49053	Direct Service Associate III	820	943	983
39113	Information Technology Specialist III	660	1028	981
69073	Law Enforcement Officer III	764	800	964
29143	Education Support Specialist II	632	752	847
39051	Architect/Engineer I	819	851	810
79034	Trades Technician IV	686	724	755
69114	Security Officer IV	772	713	746
59032	Environmental Specialist II	748	666	736
19221	General Administration Supervisor/Coordinator I	435	550	726
29112	Trainer and Instructor II	706	705	714
49113	RN II/Nurse Practitioner I/Physician Assistant	775	734	698
49112	Registered Nurse I	741	670	674
59031	Environmental Specialist I	620	616	658
49111	Licensed Practical Nurse	670	599	634
39111	Information Technology Specialist I	788	745	624
59074	Laboratory & Research Specialist II	346	539	522

Trend by Occupation

Occupational Category

Table 2, below, compares the numbers of employees on June 2004 and January 2007 by major occupational categories. It shows slight gains in the Administrator and Office Support groups and slight losses in the Technician group. All other changes were less than 1%. This table suggests that the workforce remained relatively stable during the period examined.

Table 2
Employment by Occupational Category

Occupational Category	Counts for Year		Percentages for Year		Change in Percent
	2004	2007	2004	2007	2007-2004
Official or Administrator	4,435	5,460	6.2%	7.5%	1.3
Office or Clerical	7,639	8,536	10.7%	11.8%	1.1
Professional	20,346	20,858	28.5%	28.8%	0.3
Service/Maintenance	3,621	3,793	5.1%	5.2%	0.2
Protective Service Worker	10,195	10,302	14.3%	14.2%	-0.1
Skilled Craft Worker	7,256	6,905	10.2%	9.5%	-0.6
Paraprofessional	12,073	11,775	16.9%	16.2%	-0.7
Technician	5,785	4,859	8.1%	6.7%	-1.4
			100.0%	100.0%	

The broad occupational categories reflect the 291 occupational Roles to which classified positions are currently allocated. The Role structure has been in place since the compensation program was reformed in September 2000. Since that time there have been minor adjustments to it. Comparisons of Role employment appear below.

The number of employees assigned to 173 Roles increased between June 2004 and January 2007. During that same period employment in 90 Roles decreased. The remaining Roles were unchanged.

Roles with Decreased Employment

Tables 3A and 3B display, respectively, the Roles realizing the greatest losses in terms of percentage (minimum of 20%) or number (minimum of 50) of employees between June 2004 and January 2007. For the percentage table, roles with less than 50 employees in January 2007 are excluded.

Table 3A
Roles with Decreased Employment -- Percent Change

Role Code	Role Title	Counts for Year		Percent Change
		2004	2007	2007-2004
39012	Computer Operations Technician II	89	50	-43.8
39116	Information Technology Manager II	92	60	-34.8
39053	Architect/Engineering Manager I	201	137	-31.8
39011	Computer Operations Technician I	168	115	-31.5
39072	Engineering Technician II	307	220	-28.3
59072	Laboratory & Research Technician	133	99	-25.6

Table 3B				
Roles with Decreased Employment -- Change in Counts				
Role Code	Role Title	Counts for Year		Count Change
		2004	2007	2007 – 2004
79152	Transportation Operator II	3200	2720	-480
19012	Administrative and Office Specialist II	3783	3403	-380
49052	Direct Service Associate II	3663	3541	-122
39111	Information Technology Specialist I	745	624	-121
39073	Engineering Technician III	1252	1137	-115
69072	Law Enforcement Officer II	1301	1197	-104
69113	Security Officer III	7178	7074	-104
39072	Engineering Technician II	307	220	-87
79211	Food Service Technician I	550	485	-65
39053	Architect/Engineering Manager I	201	137	-64
39011	Computer Operations Technician I	168	115	-53

Of the six (6) Roles on Table 3A showing percentages declines from one quarter to over 40% of their employees, three (3) are on Table 3B because of the magnitude of the losses in absolute numbers, from 53 to 480. The losses in Information Technology and Computer Operations can be explained by the shift of those employees from operating agencies to the Virginia Technologies Agency (VITA) and the subsequent outsourcing of VITA services to its private sector partner, Northrop Grumman. Some other losses also may be attributable to outsourcing. The large loss of Administrative and Office Specialist II employees (380, or 11%, which did not meet the criterion for inclusion in Table A) is attributable to the assumption by other employees of the support functions formerly performed by this level.

Roles with Increased Employment

Tables 4A and 4B below show the Roles with an increase in employment between June 2004 and January 2007 in terms of percentage (minimum of 20%) or number (minimum of 50). For the percentage table, roles with fewer than 50 employees in January 2007 are excluded.

The tables below indicate that growth is occurring for jobs with varied skill levels, but not those with the lowest skill requirements. Growth is occurring in jobs with higher-level administrative and technical responsibilities. This trend is expected to continue.

Table 4A				
Roles with Increased Employment -- Percent Change				
Role Code	Role Title	Counts for Year		Percent Change
		2004	2007	2007- 2004
19213	Program Administration Specialist III	18	70	288.9
19191	Auditor I	33	119	260.6
39114	Information Technology Specialist IV	33	77	133.3
79153	Transportation Operator III	37	85	129.7
19192	Auditor II	72	130	80.6
79072	Housekeeping &/or Apparel Worker II	127	211	66.1
79032	Trades Technician II	61	101	65.6
39052	Architect/Engineer II	101	167	65.3
19133	Policy Planning Specialist III	43	61	41.9
19224	General Administration Manager II	152	212	39.5
19152	Procurement Officer II	52	72	38.5
19212	Program Administration Specialist II	796	1068	34.2
19223	General Administration Manager I	216	287	32.9
19222	General Administration Supervisor/Coordinator II	96	127	32.3
19221	General Administration Supervisor/Coordinator I	550	726	32.0
79215	Food Service Manager II	58	76	31.0
29144	Education Support Specialist III	283	362	27.9
59112	Natural Resource Specialist II	175	223	27.4
19072	Hearing Legal Services Officer II	66	81	22.7
29113	Trainer Instructor III	150	184	22.7
19095	Human Resource Manager II	68	83	22.1
79212	Food Service Technician II	132	160	21.2
29093	Public Relations & Marketing Specialist III	217	263	21.2
79113	Retail Manager I	170	205	20.6
69073	Law Enforcement Officer III	800	964	20.5
49172	Health Care Compliance Specialist II	182	219	20.3

Table 4B Roles with Increased Employment -- Change in Counts				
Role Code	Role Title	Counts for Year		Count Change 2007 - 2004
		2004	2007	2004
19212	Program Administration Specialist II	796	1068	272
19013	Administrative and Office Specialist III	8634	8896	262
19221	General Administration Supervisor/Coordinator I	550	726	176
69073	Law Enforcement Officer III	800	964	164
29143	Education Support Specialist II	752	847	95
69091	Probation Officer I	1203	1293	90
79033	Trades Technician III	1541	1629	88
19191	Auditor I	33	119	86
79072	Housekeeping &/or Apparel Worker II	127	211	84
29144	Education Support Specialist III	283	362	79
19223	General Administration Manager I	216	287	71
59032	Environmental Specialist II	666	736	70
39052	Architect/Engineer II	101	167	66
19224	General Administration Manager II	152	212	60
19192	Auditor II	72	130	58
19132	Policy Planning Specialist II	313	366	53
19213	Program Administration Specialist III	18	70	52

EMPLOYEE DEMOGRAPHICS

Current demographic data for the state's classified workforce are available on the DHRM website. Demographic statistics as of January 1, 2007, are compared with those of June 30, 2004, marking the beginning of the previous biennium, and May 31, 1991, the oldest date for which comparable data is available.

Age

The average age of classified employees in May 1991 was 41. The first quartile was 33 years of age, so that one-fourth of classified employees was at or below that age. By June 30, 2004, the average age had risen to 45.4 years and the first quartile rose to 38. On January 1, 2007, the average age was 45.8, a very slight gain over two and one half years. The first quartile remained at 38. The range of ages observed was 17 to 89 with only 5% of classified employees being 25 years old or younger, suggesting that the state tends to hire well-educated and experienced employees.

Concerns over retirement potential and the physical issues often observed with increasing age suggest the need to examine the number of employees at the higher end of the age spectrum. Data treating employees 60 years old and above are summarized in the chart and table below.

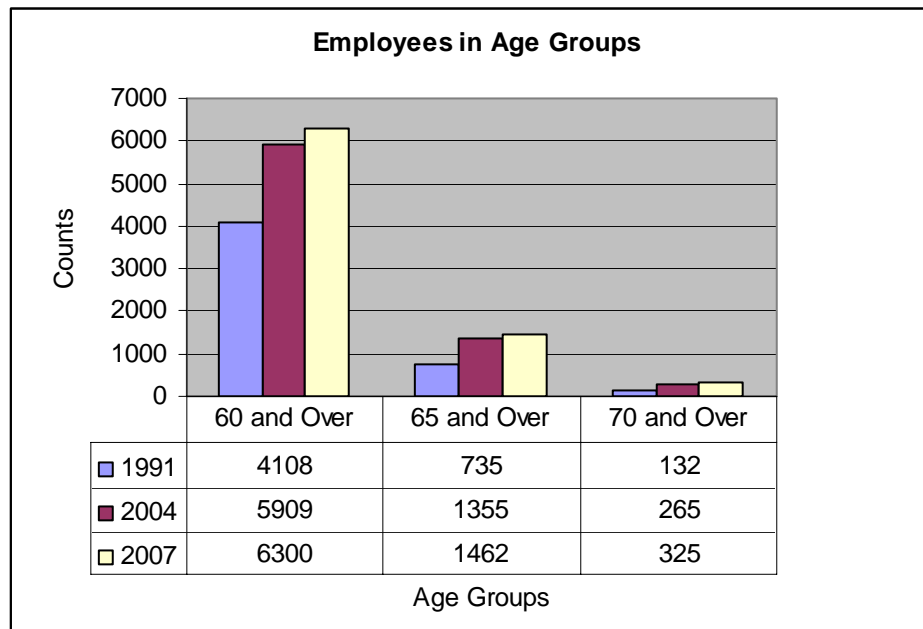


Table 5 presents the counts from the chart above as percentages of the total workforce.

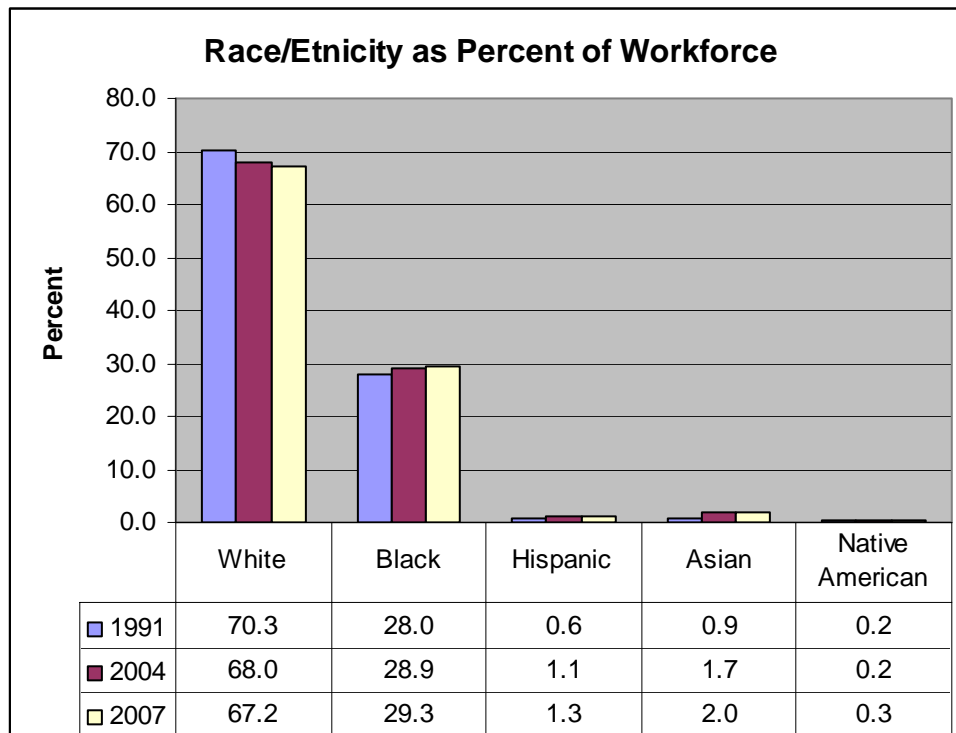
Table 5 Grouped Ages as Percentages of Workforce			
Age Group	Years Observed		
	1991	2004	2007
60 and Over	5.47	8.28	8.69
65 and Over	0.98	1.90	2.02
70 and Over	0.18	0.37	0.45

The total number of classified employees 60 years old or older increased from 4,108 in 1991 to 5,909 in 2004, an increase of 43.8% in thirteen years, or 2.8% annually, and to 6,300 in 2007, an increase of 6.6% over two and a half years, or 2.6% annually. The number of employees 65 years old or older increased from 735 in 1991 to 1,355 in 2004 (84.4% in 13 years, 4.8% annually) and to 1,462 in 2007 (7.9% in 2.5 years, 3.1% annually). The number 70 years old or older increased from 132 in 1991 to 265 in 2004 (100.8% total, 5.5% annually) to 325 in 2007 (22.6% total, 8.5% per year). It is likely that increases in the number of employees in the older age groups will continue as the general health of older workers continues to improve and the Commonwealth continues to need their talents.

A later section of this report treats the potential impact of retirement.

Race

The chart and table below describe the racial and ethnic composition of the classified workforce on May 31, 1991, June 30, 2004, and January 1, 2007.

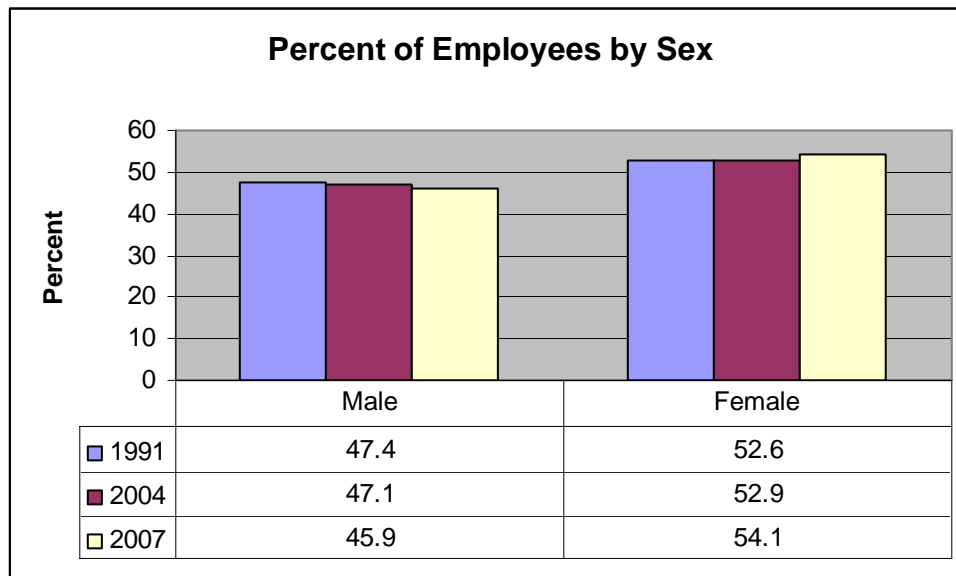


The composition has changed somewhat as the percentage of White workers has declined from 70.3% to 67.2% while the percentages of all minority groups have increased. This trend is likely to continue as it reflects the changing demographics of the population. While the observed increase in diversity is heartening, agencies need to continue to carefully assess whether all racial and ethnic groups are appropriately represented in their workforces according to geographic settings and occupational placements.

Gender

The next table and chart depict the gender distribution of the classified workforce for the reference periods, May, 1991, the earliest available data, June 2006, marking the beginning of the previous biennium, and January 2007, taken as the present, or most recent reference.

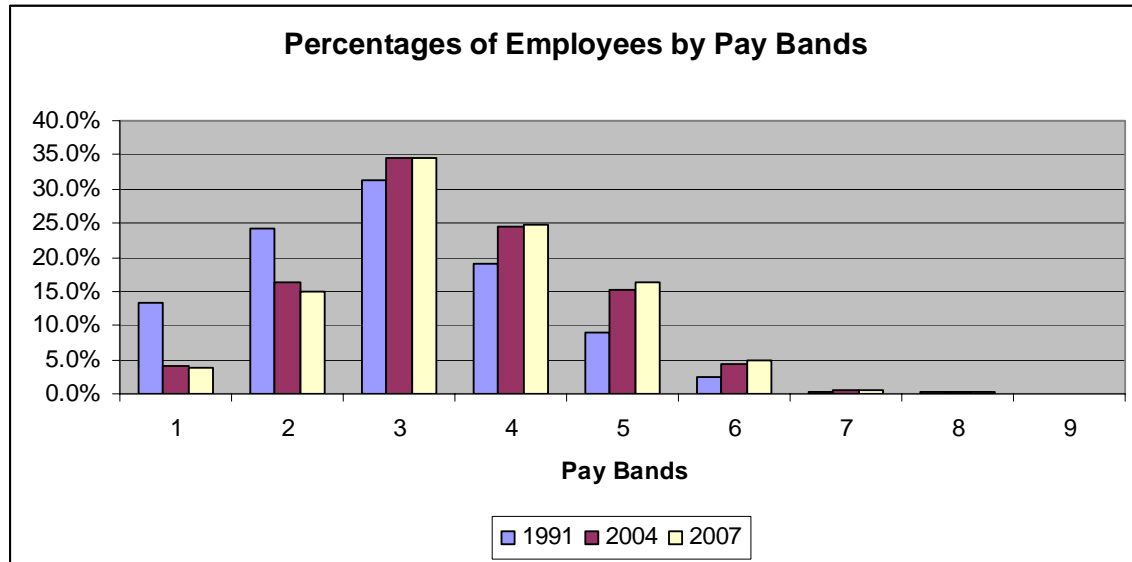
There has been little change in the gender distribution of classified employees. Compared with the percentages observed in 1991, the 2007 percent for females has increased 1.5% to 54.1% while males declined by the same amount to 45.9%.



Pay Band

The current pay band system was not in effect in 1991. However, the salary grades used in 1991 can be converted to pay bands because the present bands were created by grouping the former grades. Table 6 below shows percentages of employees by pay bands according to the three anchor periods. The data are also charted.

Table 6 Percentage of Employees by Pay Band			
Pay Band	May 1991	June 2004	January 2007
1	13.2%	4.1%	3.8%
2	24.2%	16.4%	15.0%
3	31.3%	34.5%	34.5%
4	19.1%	24.5%	24.7%
5	9.0%	15.3%	16.3%
6	2.5%	4.4%	4.8%
7	0.4%	0.5%	0.6%
8	0.2%	0.3%	0.3%
9	0.0%	0.0%	0.0%



The distribution of employees by pay band shows the continued reduction of jobs in pay bands one and two, those typically requiring relatively low skill levels, which has been accomplished through technology and outsourcing. Increasing skill requirements for the remaining workforce have a direct impact on workforce planning.

Salary

The average (mean) salary of classified state employees on January 1, 2007, was \$40,310. The median was \$36,063 with an inter-quartile range of \$18,274, the difference between the first quartile, \$29,000 and the third quartile, \$47,274. On June 30, 2004, the average salary was \$35,467. The median was \$31,902 and the inter-quartile range was \$15,266, the difference between \$25,877 and \$41,143. The change in average salary between 2004 and 2007 was 13.65%, or 5.3% per year. On May 31, 1991, the average salary was \$23,589 with a median of \$21,079 and an inter-quartile range from \$16,870 to \$27,538, or \$10,668. The change in average salaries from 1991 to 2004 was 50.4%, or 3.2% per year on average. The increases in the salary measures are influenced by salary increases that are granted to employees, turnover, and changes in the job mix of employees. For example, the reduction in low-skill jobs noted above has increased the central tendency measures of salaries. According to the Bureau of Labor Statistics, between 1991 and 2004, the cost of living increased by 39.1%. The cost of living increase from June 2004 to January 2007 was estimated to be 6.7%. For both periods examined, the overall rate of salary increases realized by state employee outpaced price inflation.

Average Current Service

In January 2007 the average, or mean, continuous service for classified employees was 11.6 years. The quartile points were: first, 2.7 years; second, or median, 8.3; and third, 18.5. These figures can be compared to those of past years. In May 1991, the average continuous service for classified employees was 10.0 years; the median was 7.5 years. In 2004, the average was 11.4 years and the median was 8.0 years. The central tendency measures, mean and median, clearly indicate a continuing aging of the state workforce. Table 7, below, shows the distribution of employees by 5-year intervals for 1991, 2004, and 2007.

Table 7			
Percentage of Employees by			
Length of Service			
Years of Service	May 1991	June 2004	January 2007
0-4.9	38.4%	33.2%	35.4%
5-9.9	18.1%	19.5%	20.3%
10-14.9	17.7%	12.6%	11.2%
15-19.9	12.2%	13.2%	11.4%
20-24.9	7.3%	7.4%	7.7%
25-29.9	4.0%	8.5%	7.6%
30-34.9	1.7%	4.0%	4.5%
35-39.9	0.5%	1.3%	1.5%
40 & Over	0.1%	0.3%	0.5%

Table 7 does not depict a clearly consistent progression in length of service. Most interesting is the observation that following the substantial downward shift from 1991 to 2004 of those with less than 5 years tenure, from 38.4% to 33.2%, or a loss of 5.2%, there has been a slight increase from 2004 to 2007 from 33.2% to 35.4%, or a 2.2% gain in two and one half years. The 0-5 year group is indicative of the hiring and retention of new employees. It is also important to monitor the progression in the groups with over 25 years of service since they include many employees who are eligible, or nearly eligible, for an unreduced retirement. In January 2007 these groups comprised 14.1% of the Commonwealth's classified workforce. A more detailed assessment of the impending impact of retirement eligibility appears in the next section.

EMPLOYEES APPROACHING RETIREMENT

Current and Projected Retirement Eligibility

On June 30, 2006, there were 72,593 classified employees in Virginia. Of this total, 6,416 (8.8%) were eligible for an unreduced retirement on that date. Assuming no retirements occur during the next five years, at the end of that five-year period, 11,972, or 16.5% of classified employees will be eligible for unreduced retirement. If ten years pass with no retirements, 27,440, or 37.8%, of classified employees will be eligible for full retirement.

In reality, some retirements will occur during the next five or ten years. Information on past retirement experience is available for fiscal years 2005 and 2006 and the first half of fiscal year 2007. During that period, there were 3,937 retirements, 194 due to disability, 88 resulting from layoffs and the remaining 3,655 being regular service retirements. The yearly rates appear in Table 8A below.

Table 8A					
Actual Retirements - Counts					
Period	Total Workforce	Retirement Type			Total Retirements
		Service	Disability	Layoff	
Fiscal Year 2005	72298	1442	97	38	1577
Fiscal Year 2006	72593	1452	71	40	1563
Projected FY 2007	72492	1522	52	20	1594
Note: FY 2007 Projections are based on observations for half of the year:					
1st Half FY 2007	72492	761	26	10	797

Table 8A suggests that 1600 is a convenient number for estimating the annual number of retirements from the statewide classified service. Table 8B shows that 2.2% is a convenient percentage rate to use when considering the impact of retirements on the state workforce.

Table 8B				
Actual Retirements - Percent of Workforce				
Period	Retirement Type			Total Retirements
	Service	Disability	Layoff	
Fiscal Year 2005	1.99%	0.13%	0.05%	2.18%
Fiscal Year 2006	2.00%	0.10%	0.06%	2.15%
Projected FY 2007	2.10%	0.07%	0.03%	2.20%

The figures from the last two and one half years suggest a steady rate of retirement that over the next 10 years may involve as much as 22% of the current workforce, or approximately 16,000 employees. When these figures are contrasted with those of the first paragraph in this section it is clear that one must distinguish between eligibility for retirements and actual retirement. On the other hand, on June 30, 2004, there were 5,438 employees eligible for

unreduced retirement. The number of actual retirements observed during the following two and one half years, 3,937, equates to 72.4% of the number eligible at the end of FY 2004.

If retirement eligibility data and the 72.4% rate observed from the experience of the last two and one half years are used to predict the number of retirements that will occur from July 1, 2006, to December 31, 2008, then noting that 6,416 were eligible on June 30, 2004, if 72.4% retire between then and December 31, 2008, there will be 4,645 retirements, or 1,858 per year, a little higher than the 1,600 per year estimated from the past counts of Table 8A.

If direct experience is deemed a better predictor than eligibility rates, and 16,000 employees retire over the next ten (10) years, then the number eligible for retirement in ten (10) years, 27,440, will be reduced to 11,440, a number considerably in excess of the 6,416 eligible to retire at the end of the past fiscal year.

Of course, all retirements that occurred did not come from the pool of those eligible for unreduced retirement, and predicting who will retire is prone to error. Nevertheless, it may be informative to use retirement eligibility figures to assess which jobs may be at risk of relatively large turnover.

Projected Retirement Eligibility by Role

Table 9A below lists some of the individual Roles that are most vulnerable to retirements over the next ten years. Only roles with 100 or more employees are included. They were identified by using the top 20, or so, retirement eligibility percentages for each of the time blocks examined: now, five (5) years, and ten (10) years. The 30 Roles on Table 9A contain 7,595 employees, or 10.5% of the total workforce. To be in the top “20” of the “now” block, the percentage of employees eligible for unreduced retirement had to equal or exceed 14%. For the “in 5 years” block, the percentage criterion was 25%; and for the “10 years” block it was 50%.

Table 9B identifies the “top 20” Roles in terms of the time blocks that they lead. The use of percentages, instead of the number of employees, causes some unanticipated shifts. Table 9B suggests that over the next ten years there will be continuous pressure to keep twelve Roles filled, those with checks in all three columns. The other 18 Roles will experience fluctuation in the relative pressure to keep them filled.

Tables 9A and 9B suggest a need for succession planning. Twenty (20) of the 30 Roles on the tables are manager Roles, suggesting that staff promotions may serve to replace retiring employees. For promotions to be successful, however, employees should receive management training prior to their promotions into management. Also, the mix of titles on the list illustrates that retirement eligibility, per se, shows only part of the risk, especially when promotion is the likely mechanism for replacing departures. For instance, the tables suggest that Security Managers II will be continuously leaving during the ten year period. Under the retirement eligibility criterion Security Manager I does not become an “at risk” Role for ten years, indicating that it is occupied by younger, less tenured employees. They, however, are the likely replacements for the departing higher level managers; and they will need replacing as they are promoted.

There are 109 Roles with 100 or more employees. They contain 67,628 employees, 93.2% of the workforce. All of these roles will find 10% or more of their employees eligible for

unreduced retirement within the next ten years. For 53 of the roles, the percentage is 40% or higher. Overall, 25,090 (37.1%) of the 67,628 employees in these roles will be eligible for retirement within ten years.

Table 9A
Top Roles "At Risk" in Terms of Retirement Eligibility Percentages for
Blocks of Time

Role Code	Role Title	Present Number of Employees	Percent Eligible to Retire		
			Now	in 5 Years	in 10 Years
69075	Law Enforcement Manager II	188	36.7%	52.1%	84.6%
19225	General Administration Manager III	105	33.3%	41.9%	70.5%
69092	Probation Officer II	143	32.9%	51.0%	77.6%
19224	General Administration Manager II	213	29.6%	39.9%	65.7%
79155	Transportation Operations Manager II	270	26.7%	44.4%	66.7%
19215	Program Administration Manager II	247	23.1%	38.9%	62.8%
39054	Architecture/Engineering Manager II	195	22.6%	29.2%	49.2%
19112	Land Acquisition & Property Mgmt Agent II	140	22.1%	29.3%	50.0%
79073	Housekeeping &/or Apparel Manager I	121	21.5%	32.2%	55.4%
69116	Security Manager II	261	21.5%	40.6%	76.6%
69074	Law Enforcement Manager I	232	21.1%	31.5%	63.4%
69073	Law Enforcement Officer III	952	20.4%	29.8%	61.9%
19216	Program Administration Manager III	259	20.1%	30.9%	61.8%
39074	Engineering Technician IV	147	19.0%	26.5%	49.0%
39053	Architecture/Engineering Manager I	178	18.5%	25.3%	45.5%
39052	Architect/Engineer II	140	17.9%	22.9%	40.7%
59113	Natural Resource Specialist III	127	16.5%	21.3%	29.1%
39073	Engineering Technician III	1150	16.5%	26.4%	45.4%
19094	Human Resource Manager I	100	16.0%	27.0%	47.0%
79113	Retail Manager I	203	14.8%	23.6%	45.3%
19035	Financial Services Manager II	123	14.6%	25.2%	61.8%
19223	General Administration Manager I	269	14.5%	24.9%	60.2%
59132	Scientist II	191	14.1%	19.4%	38.2%
79035	Trades Manager I	150	13.3%	30.0%	59.3%
59091	Minerals Specialist I	110	10.9%	30.0%	69.1%
79154	Transportation Operations Manager I	412	12.6%	28.6%	57.0%
79114	Retail Manager II	117	8.5%	27.4%	46.2%
69115	Security Manager I	405	8.9%	23.0%	57.8%
49152	Physician II	143	13.3%	21.0%	51.7%
19034	Financial Services Manager I	304	12.8%	23.4%	51.6%

Table 9B
Top "20" Roles "At Risk" in Terms of Retirement Eligibility Percentages
According to Blocks of Time

Role Code	Role Title	Present Number of Employees	On the Top "20" List for		
			Now	5 Yrs	10 Yrs
69075	Law Enforcement Manager II	188	✓	✓	✓
19225	General Administration Manager III	105	✓	✓	✓
69092	Probation Officer II	143	✓	✓	✓
19224	General Administration Manager II	213	✓	✓	✓
79155	Transportation Operations Manager II	270	✓	✓	✓
19215	Program Administration Manager II	247	✓	✓	✓
39054	Architecture/Engineering Manager II	195	✓	✓	
19112	Land Acquisition & Property Mgmt Agent II	140	✓	✓	✓
79073	Housekeeping &/or Apparel Manager I	121	✓	✓	✓
69116	Security Manager II	261	✓	✓	✓
69074	Law Enforcement Manager I	232	✓	✓	✓
69073	Law Enforcement Officer III	952	✓	✓	✓
19216	Program Administration Manager III	259	✓	✓	✓
39074	Engineering Technician IV	147	✓	✓	
39053	Architecture/Engineering Manager I	178	✓	✓	
39052	Architect/Engineer II	140	✓		
59113	Natural Resource Specialist III	127	✓		
39073	Engineering Technician III	1150	✓	✓	
19094	Human Resource Manager I	100	✓	✓	
79113	Retail Manager I	203	✓		
19035	Financial Services Manager II	123	✓	✓	✓
19223	General Administration Manager I	269	✓		✓
59132	Scientist II	191	✓		
79035	Trades Manager I	150		✓	✓
59091	Minerals Specialist I	110		✓	✓
79154	Transportation Operations Manager I	412		✓	✓
79114	Retail Manager II	117		✓	
69115	Security Manager I	405			✓
49152	Physician II	143			✓
19034	Financial Services Manager I	304			✓

TURNOVER

Since June 30, 2004, there have been 21,506 separations of classified state employees. Over the thirty (30) month period, the annualized turnover rate, as a percentage of the 72,492 classified employees on January 1, 2007, was 11.87%. This rate contrast with the 10.37% annualized rate observed during the previous observation period.

Service of Separating Employees

Table 10A presents the number of separations during the two major periods being used for observation. Because the periods are different lengths, 45 months and 30 months, it is difficult to make cross-period comparisons. Table 10B, therefore, presents the raw data of Table 10 as annualized data.

Table 10A				
Separations and Length of Service				
Length of Service	Periods Observed			
	October 2000 through June 2004		July 2004 through December 2006	
	Counts	Percents	Counts	Percents
Less Than 1 Year	830	2.99	6,319	29.38
1 to 4.9 Years	11,867	42.79	6,685	31.08
5 to 9.9 Years	6,378	23.00	3,281	15.26
10 to 14.9 Years	2,195	7.91	1,155	5.37
15 to 19.9 Years	1,757	6.33	1,051	4.89
20 to 24.9 Years	989	3.57	717	3.33
25 to 29.9 Years	1,368	4.93	954	4.44
30 Years & Over	2,352	8.48	1,344	6.25
SUMS	27,736	100.00	21,506	100.00

Table 10B				
Annualized Separations and Length of Service				
Length of Service	Periods Observed			
	October 2000 through June 2004		July 2004 through December 2006	
	Counts	Percents	Counts	Percents
Less Than 1 Year	221	2.99	2528	29.39
1 to 4.9 Years	3165	42.79	2674	31.08
5 to 9.9 Years	1701	23.00	1312	15.25
10 to 14.9 Years	585	7.91	462	5.37
15 to 19.9 Years	469	6.34	420	4.88
20 to 24.9 Years	264	3.57	287	3.34
25 to 29.9 Years	365	4.93	382	4.44
30 Years & Over	627	8.48	538	6.25
SUMS	7,397	100.00	8,603	100.00

The largest numbers of employees separating from state service remain those in the one to five year group. There, however, has been considerable increase in the number of employees leaving during their first year of service. In the previous period those with less than five years service accounted for 45.78%. For the more recent period the rate is 60.47%. The increased percentage is due to the large number of separations for those with less than one year experience. The number leaving during the first year suggests a need to examine recruitment and selection practices. The numbers leaving during the first five years suggest retention problems.

Separating Employees by Role

Since June 2004 there have been separations from virtually every job role. However, over one-half (54.5%) of the separations were in the ten roles listed below in Table 11. The highest numbers are not in roles requiring advanced education. However, there is a significant cost of continuously recruiting for these jobs and the separations create challenges for agencies trying to provide effective services.

Table 11
Top 10 Roles with Highest Numbers of Separations
July 1, 2004 through December 31, 2006

Role Code	Role Title	Total Number of Employees	Count of Separations in the Period	Annualized Turnover Percent	Percent of Total Separations
69113	Security Officer III	7,074	3670	20.75	17.07
49052	Direct Service Associate II	3,541	2096	23.68	9.75
19013	Administrative and Office Specialist III	8,896	2007	9.02	9.33
19012	Administrative and Office Specialist II	3,403	997	11.72	4.64
79071	Housekeeping &/or Apparel Worker I	1,779	719	16.17	3.34
79152	Transportation Operator II	2,720	610	8.97	2.84
49053	Direct Service Associate III	983	458	18.64	2.13
39112	Information Technology Specialist II	1,393	414	11.89	1.93
49111	Licensed Practical Nurse	634	397	25.05	1.85
19211	Program Administration Specialist I	1,728	356	8.24	1.66

The presence of direct service associates and licensed practical nurses on the list supports information that the agencies have provided indicating that staffing direct health care positions continues to pose problems.

Part of the reason for the large number of separations of Information Technology Specialists was mentioned above in the section treating Roles with decreased employment. During the observed period IT workers involved with infrastructure were transferred from operating agencies to VITA. VITA subsequently outsourced part of its operations to its private sector partner, Northrop Grumman (NG). NG then hired a large number of employees from VITA in order to have the staff it needed to provide its contracted services. Such events highlight the need to examine the reasons why employees leave state service.

Separating Employees by Reason

As part of its standard employee out-processing practice, the Commonwealth collects information on why employees are leaving state service. The table below includes all the reasons determined by state agencies and cited by employees for leaving state service during the observed period, July 2004 through December 2006, and the number of separations in each category. The list is ordered according to the number of times the reason occurred.

Table 12	
Reasons for Leaving by Number of Times Cited	
Period: July 1, 2004 - December 31, 2006	
Reason for Leaving	Number of Separations
Resign: Other	5,311
Resign: Better Job	5,011
Service Retirement	3,665
Removed: Unsatisfactory Performance During Probation	1,461
Resign: During Probation	1,260
Resign: Leaving Area	1,145
Removed: Violation / Conduct	666
Resign: Home Responsibilities	608
Resign: School	506
Resign: Dissatisfied	401
Death	333
LTD Separation	218
Resign: Ill Health	209
Disability Retirement	194
Enhanced Retirement	77
Separation: Completed Limited Appointment	75
Inability To Perform Duties	56
Removed: Failed to Report After Leave	56
Resign: Military Service	52
Transfer To Local	49
Separation: Layoff Leave Expired	42
Removed: Not Adapted For Work	38
Removed: Neglect of Duty	35
Transfer To Exempt Agency	15
Separation: Layoff	12
Retirement in Lieu of Layoff	11

Of the 21,506 separations observed, 10,322 (48.0%) were due to resignations for “better jobs” (5,011, or 23.30%) or for “other” reasons (5,311, or 24.20%). The “Resign: Better Job” category of separations is considered one of the best indicators that state salaries may not be competitive. In addition, many of those reported as “Resign: Other” may also have left for better jobs. These statistics support agencies’ statements that salaries are not competitive, at least for some state jobs. The third highest total (3,665 or 17.04%) is for service retirements. This number is indicative of the aging state workforce, but it is not high enough to cause alarm at this point in time because it represents 5.05% of the workforce over 2.5 years or an annual rate of 2.02%.

HIRING

New Hires by Role

From July 1, 2004, through December 31, 2006, there were 23,463 hires, or an average of 9,385 per year. Roles with the largest number of hires during the period, listed in Table 13A, parallel the list of Roles with the highest numbers of separations. The fifteen (15) Roles listed below experienced 15,282 new hires during the period, or 65.13% of all new hires. These Roles represent the bulk of the Commonwealth's recruitment activity.

Table 13A
Roles with the Highest Hiring Counts
July 1, 2004 - December 31, 2006

Role Code	Role Title	Employee Count	Number of Hires	Percent of Total Hires	Total Role Hire Rate Percent	Annualized Role Hire Rate Percent
69113	Security Officer III	7074	4,206	17.93	59.46	23.78
19013	Administrative and Office Specialist III	8896	2,576	10.98	28.96	11.58
49052	Direct Service Associate II	3541	2,306	9.83	65.12	26.05
19012	Administrative and Office Specialist II	3403	1,356	5.78	39.85	15.94
79071	Housekeeping &/or Apparel Worker I	1779	893	3.81	50.20	20.08
69072	Law Enforcement Officer II	1197	469	2.00	39.18	15.67
49111	Licensed Practical Nurse	634	437	1.86	68.93	27.57
29143	Education Support Specialist II	847	410	1.75	48.41	19.36
19211	Program Administration Specialist I	1728	406	1.73	23.50	9.40
49053	Direct Service Associate III	983	395	1.68	40.18	16.07
79152	Transportation Operator II	2720	386	1.65	14.19	5.68
69091	Probation Officer I	1293	367	1.56	28.38	11.35
49112	Registered Nurse I	674	363	1.55	53.86	21.54
79033	Trades Technician III	1629	357	1.52	21.92	8.77
49012	Counselor II	1001	355	1.51	35.46	14.19
SUMS			15,282	65.13		

The table above contains the 15 Roles that each accounts for 1.5% or more of total hires. In the aggregate they account for 65.1% of hires

In addition to considering the raw numbers of hires, one may also view recruitment pressure in terms of Roles having the highest relative appointment rates. Table 13B makes this comparison. It lists the eighteen (18) Roles having 50 or more employees that experienced annualized appointment rates equal to or greater than 20%. These Roles represented 9,806 appointments, or 41.79% of all appointments. Table 13A, then, reflects the larger total amount of activity spread over fewer Roles, but the Roles on it have annualized rates of 5.58 % - 27.57% with ten (10) of its fifteen (15) Roles having rates lower than 20%.

Table 13B
Roles with the Highest Hiring Rates
Jul1, 2004 - December 31, 2006

Role Code	Role Title	Employee Count	Number of Hires	Percent of Total Hires	Total Role Hire Rate Percent	Annualized Role Hire Rate Percent
69151	Emergency Coordinator I	102	89	0.38	87.25	34.90
29142	Education Support Specialist I	106	77	0.33	72.64	29.06
79112	Retail Specialist II	272	197	0.84	72.43	28.97
49111	Licensed Practical Nurse	634	437	1.86	68.93	27.57
79151	Transportation Operator I	90	61	0.26	67.78	27.11
29092	Public Relations & Marketing Specialist II	104	68	0.29	65.38	26.15
49052	Direct Service Associate II	3541	2,306	9.83	65.12	26.05
79031	Trades Technician I	294	185	0.79	62.93	25.17
79211	Food Service Technician I	485	298	1.27	61.44	24.58
59112	Natural Resource Specialist II	223	133	0.57	59.64	23.86
69113	Security Officer III	7074	4,206	17.93	59.46	23.78
29131	Education Coordinator I	140	77	0.33	55.00	22.00
49112	Registered Nurse I	674	363	1.55	53.86	21.54
59073	Laboratory & Research Specialist I	487	258	1.10	52.98	21.19
69133	Forensic Science Specialist III/Forensic Scientist II	100	52	0.22	52.00	20.80
59072	Laboratory & Research Technician	99	50	0.21	50.51	20.20
49231	Therapy Assistant/Therapist I	111	56	0.24	50.45	20.18
79071	Housekeeping &/or Apparel Worker I	1779	893	3.81	50.20	20.08
SUMS			9,806	41.79		

The table above shows the 18 Roles containing 50 or more employees that have annual hiring rates equal to or greater than 20%.

MARKET COMPARISON

Compensation adjustments for state employees have been inconsistent over the last twenty years as the result of changing compensation programs and periodic budget crises. However, the state's funded salary increases have kept pace with changes in the Consumer Price Index over the most recent ten, twenty, and thirty years. In addition, the current compensation program provides agencies with a variety of tools to address staffing problems, employee development, and salary alignment concerns using internal funds that become available through operating efficiencies or staff turnover. Benefits available to state employees are a source of competitive advantage compared to the benefits provided by many other employers.

DHRM conducts an annual assessment of the competitiveness of state salaries. A part of this process is a comparison of average state salaries with private industry salaries for selected occupations. The private industry salaries are collected each spring and published by Watson Wyatt Worldwide. State employees' salaries as of September 1, 2006 are used for comparison. The 2006 review indicates that the average deviation for the twenty-five occupations is -18.95%.

Technical information about the Watson Wyatt comparison follows. It uses occupations selected to represent a cross-section of state jobs. Of 68,980 classified employees on September 1, 2006 (UVa is excluded), 3,102 (4.5%) were in these 25 occupations. Private industry data represents weighted average salaries for the Southeastern U.S., collected in Spring 2006 and published by Watson Wyatt Worldwide Data Services. Virginia state employees' average salaries are those in effect September 1, 2006. A negative deviation is the percentage that the Virginia employees' average salary would need to be adjusted in order to equal the private industry average.

Table 14 lists the 25 jobs examined in the Watson Wyatt comparisons and shows the deviations observed in order with the most extreme negative deviation appearing first. The table shows that state salaries for some jobs are far behind the market. The individual deviations are influenced by factors such as the internal alignment of jobs and the varying markets for the various jobs. This market data is used in conjunction with other staffing measures to identify occupations where compensation strategies are most needed.

Table 14
Comparison of Private Industry and Virginia Classified Service Salaries
September 2006

Occupation	Private Industry Average Salary	Average Virginia Employee Salary	Deviation
Attorney	93,500	50,474	-85.20%
Chemist	70,200	50,677	-38.50%
Truck Driver, Light	28,100	20,369	-38.00%
Marketing Specialist	49,800	37,447	-33.00%
Maintenance Electrician	44,400	34,227	-29.70%
Staff RN	55,000	43,774	-25.60%
Medical Lab Technologist	47,600	38,813	-22.60%
Internal Auditor	64,100	53,137	-20.60%
Secretary	33,600	28,138	-19.40%
Cook	28,100	23,635	-18.90%
Yard Laborer/Janitorial Supervisor	36,300	30,768	-18.00%
HR Admin Supervisor	64,100	54,476	-17.70%
Generic Engineer Supervisor	97,100	82,738	-17.40%
Social Worker (MSW)	48,100	41,953	-14.70%
Employee Training Specialist	49,600	43,432	-14.20%
Mail Clerk	27,200	24,097	-12.90%
Data Base Administrator	84,900	75,564	-12.40%
Accountant	45,900	40,826	-12.40%
Security Guard, Unarmed	25,600	23,468	-9.10%
Systems Analysis Supervisor	76,300	71,724	-6.40%
Laboratory Aide	25,300	24,042	-5.20%
Environmental Engineer	56,000	55,984	0.00%
Architect	58,000	59,468	2.50%
Cashier	26,500	27,423	3.40%
Physical Therapist	61,700	64,685	4.60%
Average			-18.50%

In addition to comparing salaries for specific jobs, Virginia also monitors its salary movement against that of the general market. From November 2000 to January 2007, the average salary of classified state employees in Virginia rose from \$34,278 to \$40,310, or 17.60%, while employers throughout the nation funded average performance increases of 24.10%. By the end of calendar year 2007, cumulative salary increases for other employers since November 2000, are expected to total 28.60%.

Including the 4.0% performance increase effective November 25, 2007, classified state employees' salaries will have had a programmed increase of approximately 17.33% over the same period. Thus, other employers' salaries will have increased by 11.3% more than Virginia classified employees' salaries between November 2000 and December 2007.

Table 15

**Private Industry Market Movement Compared with
Virginia's General Salary Increases**

Calendar Year	Private Industry Market Movement	Virginia Employees' General Salary Increase
2001	4.32%	No Increase
2002	3.67%	No Base Increase
2003	3.48%	2.25% Performance Increase
2004	3.42%	3.0% Performance Increase
2005	3.53%	3.0% Performance Increase Plus \$50 Base Increase for Each Completed Year of Continuous Service for Employees Hired on or Before 11/25/2000.
2006	3.57%	4.0% Performance Increase Plus 0.5% Funding for Pay Practices
2007	3.62% (Est.)	4.0% Performance Increase

QUALIFICATION REQUIREMENTS

Qualification requirements for recruitment are determined by agencies, often tailored to the responsibilities of individual positions. Statistics are not available to summarize the educational and experience requirements of recruited positions. However, there is information on current employees' educational attainment. Agencies are not required to enter this information into the Personnel Management Information System (PMIS), but information is provided for 43,557 (60.1%) of the 72,492 classified employees on file as of January 1, 2007. The available information should be typical of the workforce, generally.

Overall, 64.9% of the employees with degree codes indicated have less than a college Bachelor's degree. Of those, 36.3% have a high school education or less, while 28.6% have taken some college courses. The remaining 35.1% of employees have a Bachelor's degree or higher. This percentage includes employees with a Bachelor degree (23.5%), a Special Professional degree (1.5%), a Master degree (8.6%), or a Doctorate (1.5%). Additional information appears in the table below.

Table 16
Educational Levels of Classified State Employees
January 1, 2007

Level	Number of Employees	Percent
Not a High School Graduate	1,548	3.55
High School Graduate	14,281	32.79
Some College, including Associate Degree	12,449	28.58
Bachelor Degree	10,238	23.50
Master Degree	3,755	8.62
Special Professional	638	1.46
Doctorate	648	1.49
SUM	43,557	100.00

TRAINING STATISTICS

State agencies have active training, development, and education programs in place. They routinely report their activities through completion or reports, responding to surveys, and positing information to the Learning Management System (LMS).

Data on their activity is found in the annual training report for the fiscal year ending June 30, 2006. Attendance at training is reported in the table below according to 20 categories of courses and whether the attendees were managers and supervisors or staff workers.

Table 17
Training Metrics -- Statewide Annual Report
Fiscal Year 2006

Course Category	Managers/ Supervisors	Staff	Total
Basic Skills	140	816	956
Business Practices, Quality, and Competition	1,180	6,015	7,195
Conflict Management Skills (as a stand-alone class - not included in another course)	132	152	284
Customer Relations	540	2,652	3,192
Executive Development	490	879	1,369
Grievance Procedure (as a stand-alone class - not included in another course)	243	176	419
Information Technology Skills	1,205	5,809	7,014
Interpersonal Communication	496	2,953	3,449
Legal Compliance and Occupational Safety	11,627	69,558	81,185
Managerial/Supervisory Skills	2,661	1,702	4,363
New Employee Orientation	966	13,034	14,000
Personal Assessment, Development, and Growth	1,446	5,451	6,897
Product Knowledge	1,142	3,316	4,458
Professional Skills - Academic Professionals	2,635	10,372	13,007
Professional Skills - Health Professionals	16,269	77,226	93,495
Professional Skills - Law Enforcement/Legal	117	357	474
Professional Skills - All Other Professional Training	2,324	18,850	21,174
Sales and Dealer	0	0	0
Technical Processes and Procedures	2,928	12,669	15,597
Terrorism and Security Awareness Orientation for State Employees	1,125	5,036	6,161
TOTALS	47,666	237,023	284,689

According to the table above there were 284,689 attendees at courses, workshops, in-service sessions, and classes.

The sessions with the largest number of attendees (93,495), both management (16,269) and staff (77,226), were those treating professional skills for health professions. The second most attended courses (81,185) for managers (11,627) and staff (69,558) treated legal

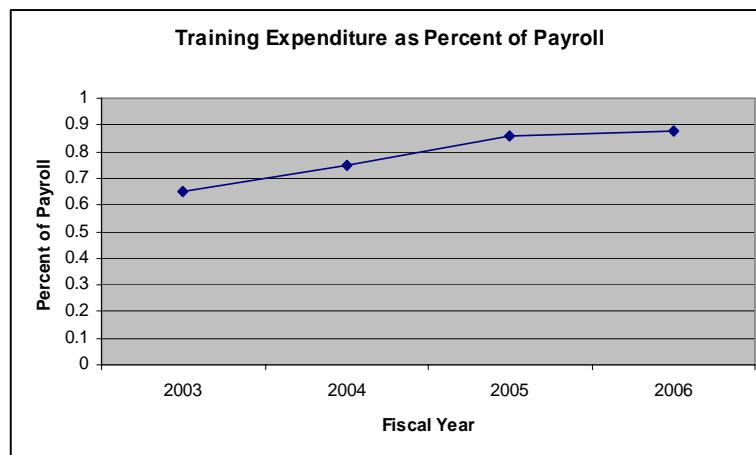
compliance and occupational safety. The courses with third largest number of attendees (21,174) overall also had the third largest number (18,850) of staff attendees and treated professional skills – all others. The topics with the third largest number of managerial attendees (2,928) covered topics related to technical processes and procedures.

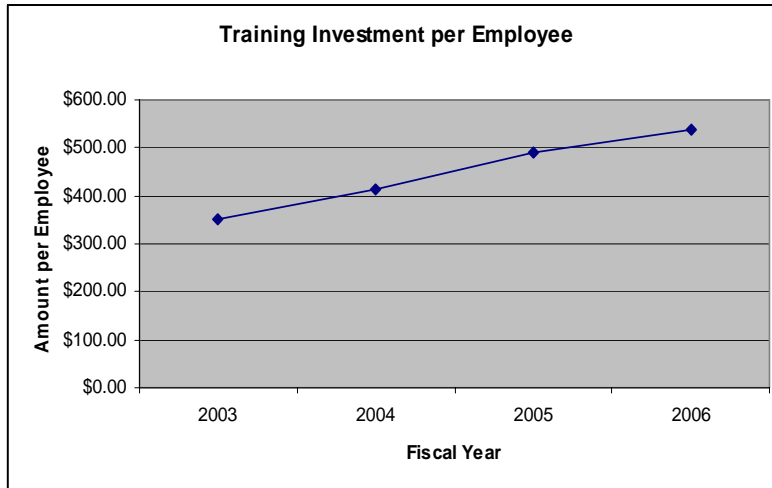
In addition to training and development programs operated by state agencies, the Commonwealth operates three senior management leadership programs that are available across the state, including: Virginia Executive Institute (VEI), Commonwealth Management Institute (CMI), and Certified Managers Program (CPM).

Expenditures on training during fiscal year 2006 were \$63,324,636. This amount results from a gradual increase over the last several fiscal years, whether viewed in terms of absolute dollars, as the dollars per employee, or as a percentage of payroll, as shown below.

Table 18
Training Investment by the Commonwealth of Virginia
Fiscal Years 2003 – 2006

Measure	Fiscal Year			
	2003	2004	2005	2006
Absolute Amount	\$38,694,819	\$46,305,153	\$56,059,133	\$63,324,636
Percent of Payroll	0.65	0.75	0.86	0.88
Amount per Employee	\$350.27	\$411.77	\$490.13	\$537.36





AGENCY WORKFORCE PLANNING ACTIVITIES

AGENCY ASSESSMENT OF NEED

DHRM may collect information from agencies in a variety of ways. It may conduct surveys, monitor entries into the Personnel Management Information System (PMIS), conduct conferences, or attend to the comments made by agency representatives to their DHRM-assigned consultant. This section summarizes information obtained from those several sources.

Agencies' Needs

Current Staffing Issues:

Agencies, generally, report few turnover and recruitment problems at the present time. However, a number of staffing concerns are expressed as a result of inadequate funding. Agencies comment that salaries are not competitive, that staff numbers are too small, and that funds are not available for training activities. Others note that compensation tools are available and that they are used in some cases, but that the small amount of available funding limits their use.

Some agencies report reorganizing in order to redistribute staff responsibilities. Others note that new programs have been added without adequate funding to implement them. Still others recognize the utility of telecommuting and flexible schedules as recruitment incentives, especially in areas where commuting is a problem, such as Northern Virginia and the Hampton Roads area.

Future Staffing Issues:

Comments related to future staffing reflect the fact that workforce planning is still a relatively new function for HR offices. Most agencies are beginning to address issues like succession planning, determining future staffing needs, and assessing future training needs.

Specific issues identified include:

- ✓ The limited number of current staff makes it difficult to implement knowledge transfer activities.
- ✓ Major changes in operational focus may affect future staffing needs.
- ✓ Reliance on wage employees may be a source of future risk. Wage employees are hired in lieu of salaried employees in some agencies due to employment level controls on salaried workers. When the job market improves, these wage employees are likely to find employment with better benefits and higher pay.
- ✓ Lack of formal mechanisms for identifying people for potential succession opportunities.

Agencies expecting future staff reductions express a need to survey employees about their retirement plans and to transition to new service delivery strategies that require less staff.

Agencies express interest in innovative approaches involving cross-training and instituting teams but are concerned about the ability to identify sections where these approaches are feasible.

Current and Future Training Needs:

Agencies identify a variety of current and future training needs for their employees. Some agencies identify specific occupations that need training, while others focus on the type of training that is needed by many employees. Several agencies report that employees need training in the basic skills required for them to perform their jobs.

Another need reported frequently is information technology training. Agencies report a wide variety of technology training needs, varying from keyboarding, to the use of Office products, to web design, to Oracle programming.

Several agencies mention the need for leadership, management, and supervisory training. Specific activities identified are project management, managing performance, teambuilding, facilitation, mentoring, succession planning, conflict resolution, and communications. Other soft-skill training needs that may help any employee's performance include time management, decision-making, customer service, and change management.

Some additional needs include Spanish language, English as a second language, and sign language. Other identified needs are for first aid, business writing, contract management, and for training in administrative functions such as purchasing, human resource management, budgeting, and payroll.

Current Recruitment Difficulties:

Agencies report a variety of occupations for which employees are difficult to recruit. Several agencies state that specialists in the agency's programs are hard to attract. Among occupations that cross agency lines, those mentioned most often as recruitment problems are: trades workers, nursing, training and education positions, housekeeping workers, and therapists.

It is notable that corrections officers are difficult to recruit in some areas of the state. Direct care worker positions are also difficult to recruit. These two occupational areas are not utilized by a large number of agencies, but they are employed in large numbers in those agencies that hire them. Therefore, hiring problems for these jobs must be monitored closely.

Key Positions Not Currently Funded:

State agencies report a variety of occupations for which they need to fill positions that are not currently funded. Many of the jobs listed are for positions related to specific agency programs.

The most prevalent comments are that more administrative support positions are needed. Human resources, financial, policy and planning, information technology, and purchasing positions are mentioned, along with more generic responses such as administrative support. Another occupational area often cited is training and education. Other occupations cited are engineers and architects, security, housekeeping, nursing, and trades.

Other Staffing Concerns:

Comments in the “miscellaneous” category offered by agencies often reflect how limits on the number of positions affect employees’ workload. Other prevalent comments relate to inadequate budgets, low salaries, or a lack of performance increases.

Some agencies mention the high number of employees eligible for retirement, or who will be soon. Other notable concerns have been the financial effect of the Fair Labor Standards Act (FLSA), the reliance on long-term wage employees, high turnover in certain occupations or areas, and the very large span of control for some managers.

High Risk Roles:

Comments by the agencies and data extracted from PMIS and other systems indicate that certain job roles are at risk due to high turnover being likely, positions being hard to fill, or a lack of readiness to replace workers anticipated to leave in the near future. In surveys of at-risk jobs agencies have identified as many as 38 of the 56 Career Groups and 93 of the 290 Roles. However, the Roles that appear most likely to be at risk are:

- ✓ Housekeeping and Apparel Worker I
- ✓ Administrative and Office Specialist III
- ✓ Program Administration Specialist II
- ✓ Registered Nurse I
- ✓ Trades Technician III
- ✓ Administrative and Office Specialist II
- ✓ Information Technology Specialist II
- ✓ Registered Nurse II/Nurse
- ✓ Practitioner I/ Physician’s Assistant
- ✓ Environmental Specialist II
- ✓ Law Enforcement Officer II

The employees in these eleven Roles represent approximately 28% of classified employees. They include a wide array in terms of the type of work performed as well as the level of training and education required for such employment. For some of these Roles, there are additional employees in closely related Roles that are also mentioned as being at risk. For example, Trades Technician I and II, related to Trades Technician III, listed above, are identified by some as being at risk and represent an additional 395 workers.

AGENCY PLANS

Since 1998, agencies have had a Workforce Planning Guide and other workforce planning tools to assist them. Workforce planning initiatives were managed independently by the agencies until 2003. In 2003, Governor Warner added workforce planning as a management objective for state agencies, subjecting workforce planning activities to central review for the first time.

In September 2003, DHRM issued the state's first workforce planning policy. It required agencies to prepare workforce plans, with the goal of helping agencies to identify and respond to staffing challenges. Agencies were required to submit plans to DHRM no later than August 1, 2004, and to conduct reassessments of their plans on an annual basis.

The policy outlines the components that workforce plans should include. In addition, the DHRM website has a number of resources to assist agencies in this effort, including a workforce planning guide, a workforce plan template, and demographic and transaction reports for the state and for each agency. The agency plans should assess current and future staffing needs, list plans for closing any skill gaps that are identified, and include a provision for on-going review.

DHRM reviews the plans that agencies submit in order to determine the prevalent staffing issues and the strategies that agencies plan to employ to address them. The plans reflect the differences in size, complexity, and culture of the various state agencies. However, they are, generally, successful in identifying the issues and strategies.

Staffing Issues

The issues and strategies that agencies most often cite in their plans are listed below. All agencies, however, may not interpret an issue or strategy in the same way because they face different pressures and are at different stages of implementing staffing strategies. For example, where two agencies cite exit interviews as a strategy, one agency may be considering that as a future way to help to resolve staffing problems, while the second agency may have a comprehensive exit interview process currently in place. The most frequently cited concerns, roughly in order of their prevalence, are:

- ✓ Staff number has dropped or more are needed
- ✓ There is an increased demand for agency services
- ✓ New policies, programs, or laws impact work
- ✓ Salaries are too low compared with job requirements or market
- ✓ New positions need to be filled
- ✓ Knowledge or certification requirements of staff are increasing
- ✓ Funds to operate programs are needed
- ✓ Staff are stretched too far
- ✓ There is a need for information technology training
- ✓ The agency needs to keep pace with evolving technology
- ✓ Management and technical training are needed
- ✓ The agency has hard-to-fill positions
- ✓ Homeland security affects agency operations

There are two undercurrents in the issues, the aging of the workforce and the lack of adequate resources. Many additional issues reported by agencies also reflect these undercurrents. These are serious staffing concerns that impact agencies' ability to carry out their missions.

Agency workforce plans identify jobs at risk. Some are of special interest. Engineering positions are a special concern due to impending licensing requirements. Charge positions will require Professional Engineer licenses by 2010. Department of Social Services licensing

positions are at risk due, in part, to the discontinuation of a training program formerly available through the Licensing Institute. Vocational evaluators in the Department of Rehabilitative Services will be required to be certified or have a Master's degree by 2008. Epidemiology positions in the Department of Health are at risk due to a lack of formal academic training programs. The Department for the Blind and Vision Impaired notes its orientation and mobility instructors as hard-to-fill. Nursing and information technology jobs continue to be mentioned in agency plans as well.

Staffing Strategies

Agencies identify a large number of diverse staffing strategies, many of which are related. Several strategies relate to two areas – recruitment and training. Among the most prevalent responses are the use of the recognition program and the use of compensation tools. These are to be expected since they are key components of the state's compensation program. Typically, agencies desire to use these tools more effectively but lack the funds to do so. Strategies most often cited by agencies include:

- ✓ Recognition Program
- ✓ Cross-Training
- ✓ Compensation Tools
- ✓ Information Technology Solutions Expanded
- ✓ Mentoring
- ✓ Inventory of Competencies or KSA's That Staff Need
- ✓ Identification of Key Positions
- ✓ Provide Employees with Educational Assistance
- ✓ Web-Based Recruitment
- ✓ Paid or Unpaid Internships
- ✓ Reorganization of Agency
- ✓ Training Needs Assessment
- ✓ Establish Career Ladders or Paths
- ✓ Allow Employees to Telecommute
- ✓ Provide In-House Training (Including IT Training)
- ✓ On-the-Job Training
- ✓ Recruitment Targeted to Professional Organizations

Other ideas mentioned frequently include flexible hours, job-sharing, alternate work schedules, and work life improvement programs to improve employees' morale and retention. Outsourcing, redeploying staff, using volunteers, and establishing formal trainee programs are examples of other ways that agencies will try to accomplish their missions with limited resources. In some cases, agencies report that they have put initiatives on hold due to resource limitations.

Agencies report a wide variety of ways to improve performance through training and development. These include the use of an internal training academy or university; supporting professional organization activities; bringing in experts to train staff; the use of distance or web-based learning; and training through seminars, conferences, and workshops.

Recruitment strategies include outreach to colleges, including predominately minority colleges; marketing the agency using its website or brochures; partnering with colleges to develop educational programs; recruitment of foreign workers for hard-to-fill jobs; and assigning dedicated staff to recruitment.

The various approaches that agencies have identified will help them to remain competitive for competent employees if funds are adequate to support their use and if educational establishments are successful in preparing the future workforce. Of course, agencies must also have the resources necessary for them to hire staff for new programs or to replace staff who leave.

CURRENT STATEWIDE HUMAN RESOURCE PROGRAMS

The Commonwealth has comprehensive and flexible human resource management programs and policies currently in place to support high performance by its agencies and their employees. Included are programs addressing recruitment, training, performance, discipline and rewards. The programs are highly decentralized so that agencies are able to respond quickly when staffing challenges are identified.

RECRUITMENT

Since 2000, greater emphasis has been placed on developing strategies for attracting and retaining a highly qualified and diverse workforce. Virginia state agencies are encouraged to stay abreast of current labor market trends and best practices in recruitment in order to remain a viable and attractive employer to the general public. DHRM implements statewide employment initiatives and provides policy guidance, consultation, and technical support to Virginia's decentralized employment program.

- ❑ State agencies are encouraged to develop a recruitment philosophy and strategy that supports its business needs, and to use their individual characteristics to develop and market an “employment brand” to current and potential employees.
- ❑ Employment strategies for meeting the future needs of government are an integral component of agency workforce plans.
- ❑ DHRM initiated the Virginia Branding Project to promote state government as an employer of choice. The Virginia Branding Project is a collaborative effort between DHRM, the statewide Recruitment and Retention Advisory Council, Virginia Commonwealth University, and Monster. VCU graduate students developed a survey to determine the public perception of state employment, developed a marketing campaign for recent graduates, conducted reputation management inventories of state agencies, and completed focus group research for new hires and long term employees. Monster volunteered to assist the Commonwealth on the recruitment of hard to fill jobs, and the results will be shared with other states as part of a National Association of State Personnel Executives (NASPE) pilot.
- ❑ A 2002 Executive Order renewed the Commonwealth's commitment to veterans' preference in hiring by directing state agencies to identify opportunities for improving employment services to veterans. This resulted in a joint strategy among agencies for attracting more veterans to the Commonwealth that includes quantifiable performance benchmarks to ensure the highest possible degree of service delivery.

- ❑ DHRM's Veterans Outreach Council serves as a forum where human resource professionals can establish and foster effective relationships with veteran groups throughout the state, to learn more about customer needs and to communicate available employment opportunities, resources and services within state government.
- ❑ DHRM's veterans' web page, accessed through DHRM's "Virginia Jobs" site provides information about employment opportunities and assistance, veteran services, and other resources related to veterans and their families.
- ❑ Veterans outreach activities include cultivating relationships with veteran groups, participating in job/career fairs, registering with employment organizations that target veterans and their families, and providing online policy and benefits information for employees called to active military duty.
- ❑ DHRM's "Virginia Jobs" web page provides direct access to "Hot Jobs" and all other vacancies in Executive Branch agencies. The web page describes state benefit programs, the advantages of working for the Commonwealth, provides instructions on the application process, and offers a jobs information mailbox for job seekers who need assistance or information on employment opportunities in state government.
- ❑ The statewide Recruitment and Retention Advisory Council, with agency representation from across all Secretariats, was established to provide an avenue for human resource professionals to share recruitment best practices in state government.
- ❑ The DHRM Career Center provides career assessment, career development, job search, and job counseling services to state employees and the public who desire information about employment opportunities within state government.
- ❑ The recently introduced Recruitment Management System (RMS) provides enhanced web-based services for recruitment, including on-line application capability for applicants, automated screening for agency HR staff and managers, applicant tracking, and reporting services.

TRAINING AND DEVELOPMENT

State agencies have training and development programs to enhance the abilities and career potential of their employees. Training needs of each employee are identified as a component of the annual performance planning process. Agencies typically support these training activities to the extent that available funding allows.

DHRM supports these programs through a variety of activities. Since 2000, DHRM's Training Program has transitioned from a central source of conventional training and development services to one that provides a broad range of opportunities designed to promote professional and personal growth for Virginia's high performance workforce. Training gained

importance under the Compensation Reform program that was legislatively approved in 2000, and is delivered to employees by a blend of centralized, decentralized, and outsourced services.

- ❑ Diverse delivery channels are used to reach the greatest number of employees possible. DHRM offers training in the traditional classroom setting and via teleconferencing and audio/video conferencing. A statewide Learning Management System (LMS) has been introduced. Its components include registration management, on-line instructional delivery, learning assessment, records management, and reporting. Custom training programs are designed and delivered on site upon request.
- ❑ The Virginia Certified Public Manager Program (VaCPM) is a broad-based management development program created in collaboration with Virginia colleges and universities. VaCPM provides public professionals with training to maximize the effectiveness of government organizations. As a part of a national consortium, this certificate program offers practitioner-oriented course work that builds upon management training programs offered through agencies, colleges, and universities.
- ❑ Virginia was one of the first states in the nation to develop an internal certification for its state HR professionals. The purpose of the Human Resource Institute is to provide all Human Resource professionals within the Commonwealth of Virginia, and other government entities with a vehicle through which they might enhance their professional knowledge, skills and abilities. This institute serves as a means for career development and career advancement for human resource professionals.
- ❑ DHRM is currently spearheading a collaborative effort to develop statewide leadership criteria and consolidate training for all its supervisors and managers. This training curriculum will give a consistent message throughout the Commonwealth, reduce liabilities traditionally associated with human resource management, and give all agencies accessibility to tuition-free management training at a time when financial resources are limited.
- ❑ Virginia was the first state in the nation to centrally offer the Society of Human Resource Management (SHRM) Learning System to its employees statewide. We have broadcast these classes to various areas of the state, and have partnered with the Virginia Department of Transportation for a videoconferencing arrangement that will allow access statewide.
- ❑ A primary goal of the training and development program is to establish collaborative relationships that pool statewide resources in order to deliver training to more employees at a reduced cost. To this end, DHRM consolidated duplicative state training systems through its Learning Management System (LMS). Rather than have different state agencies utilizing different training systems, the LMS provides the agencies with a comprehensive, streamlined process that ties together the various aspects of training: tracking competencies, certifications and licensures, expenditures, providing portability of individual training records and allowing access to “e-learning”

opportunities. Twenty-nine (29) agencies examined the technical, financial and administrative aspects of an LMS in order to select one that would be flexible enough to provide each with customized training programs with standardized reporting capabilities. Agencies have pooled financial resources to purchase the system, resulting in an estimated savings of \$5 million compared with the cost of agencies' purchasing separate systems.

- ❑ DHRM's Office of Workers' Compensation, in partnership with the Virginia Commonwealth University (VCU) School of Business and the Department of Treasury Division of Risk Management, established the Virginia Risk Control Institute (VRCI). VRCI includes certificate programs with college credits that are designed to assist state agencies and designated local government agencies to better control workplace accidents, injuries and occupational health exposures.
- ❑ DHRM reinstated the statewide annual human resource meetings that were discontinued in the mid-1990s. The meetings offer concurrent sessions on topical issues, state policy updates, technical and soft-skills training, and keynote presentations by nationally recognized experts and state public officials.
- ❑ DHRM currently provides several open-enrollment courses for managers, supervisors and HR professionals at no cost except for a \$10 per day fee for materials. It also provides several many courses to state employees, provided they attend. Otherwise, a \$50 non-attendance fee is charged the employee's agency.

PERFORMANCE MANAGEMENT

Action by the General Assembly in 2000 implemented compensation reform, which resulted in major reforms to the employee performance management system.

- ❑ The philosophy of the Commonwealth's performance management program is "to reward employees for their work contributions in a fair and equitable manner."
- ❑ The underlying principles of the system are to identify individual and/or team objectives and measures linked to the agency's mission and strategic objectives; promote employee and career development through creating an environment of learning and quality improvement through training, coaching, counseling and mentoring; provide open and honest periodic evaluations of employees' performance; and administer financial rewards based on distinctions in performance.
- ❑ The Performance Planning and Evaluation program is designed to increase employee accountability and enable significant flexibility in how agencies plan their performance management systems to meet unique organizational needs.

- ❑ Performance management training is mandatory for state supervisors and managers; the emphasis is on communications, fairness, and equity in rating practices.
- ❑ The performance rating system has three designated levels of performance (Below Contributor, Contributor, and Extraordinary Contributor). Agencies have the flexibility to use their own rating level systems and then convert the results to meet the state's three levels for salary administration purposes.
- ❑ Employees may conduct self-evaluations and upward feedback on their supervisors' performance.
- ❑ Procedures document extraordinary contributions as well as substandard performance issues by employees during the yearly cycle. Management is encouraged to recognize exemplary performance throughout the rating cycle and immediately identify poor, substandard or unacceptable performance and identify strategies for improvement.

DISCIPLINE

Because high performance underpins the Commonwealth's effectiveness, policies are in place to address situations where behavior and performance needs improvement.

- ❑ An employee's salary must be reduced at least 5% if he/she is demoted, transferred or has his/her duties reduced as a result of a Standards of Conduct disciplinary action.
- ❑ The Standards of Conduct policy is coordinated with the Performance Planning and Evaluation policy. Management can issue employees the Needs Improvement/ Substandard Performance form as well as a Written Notice form if it is determined that the offense/infraction warrants the written notice.
- ❑ Participating employees who are suspended without pay for disciplinary reasons do not have access to the Virginia Sickness and Disability Program disability benefit during the period of suspension.
- ❑ Disciplinary actions feed into DHRM's EEO Assessment Tool, which includes all of the statistical applications sanctioned by the United States Supreme Court and the federal Equal Employment Opportunity Commission for determining whether agencies' employment practices result in adverse impact against protected groups. This system helps ensure there is no disparate impact against protected groups in applying the Standards of Conduct policy within state agencies.

BENEFITS AND OTHER POLICIES

The Commonwealth's policies support the continued employment of workers who are eligible, or nearly eligible, for retirement.

- ❑ The Commonwealth's policy on Hours of Work has been revised so that employees who work 32 hours per week or more are considered full-time. This allows these employees to participate in the health benefits program. Previously, all employees were required to work 40 hours per week in order to participate. The new provision supports the continuing employment of workers approaching retirement by allowing them to work a less demanding schedule and to maintain a variety of benefits.
- ❑ State employees are eligible for a variety of leave programs, including annual, sick, family and personal, holiday, community service, military, educational, disaster assistance, bone marrow or organ donation, compensatory, and overtime leave. These programs help to maintain the Commonwealth's competitiveness and provide employees with relief from the demand for consistently high performance.
- ❑ Telecommuting and alternate work schedules serve the goal of reducing traffic congestion and pollution. At the same time, they are attractive to employees who do not want to, or are not able to, work the usual 40-hour weeks at the agency's location.
- ❑ The Virginia Sickness and Disability Program provides a safety net for employees who become sick or disabled. This is another component of a comprehensive benefits program that is essential to maintaining the competitiveness of the state's compensation program.
- ❑ DHRM is currently conducting a review of aspects of the Commonwealth's benefits programs to ensure that they are being used effectively and efficiently to promote a high performance workforce and a competitive compensation package.

REWARDS AND RECOGNITION

Following several years of research and planning by the Commission on Reform of the Classified Compensation Plan, the 2000 Virginia General Assembly passed legislation, and the Governor signed into law, a sweeping revision of the state's 40 year-old employee compensation system. The new performance-based compensation plan is modeled after the most successful "best practices" now being used by major corporations and governmental entities on the national, state and local levels.

- ❑ On September 25, 2000, the new compensation plan took effect, bringing with it new pay practices, greater opportunities for career growth within state government, greater

management flexibility and accountability and new ways to recognize and reward exceptional employee performance and acquired skills.

- ❑ The 2000 program transitioned from a traditional graded pay plan consisting of 23 salary grades to a structure comprised of nine broad pay bands. The state's job structure was streamlined from over 1700 job classes to 256 roles. These changes increased agencies' compensation flexibility.
- ❑ Competitive differentials are available for select jobs based on local market conditions, allowing agencies to pay higher salaries where justified.
- ❑ Pay band maximums are expanded by 20 - 30% for positions in northern Virginia, where market conditions have consistently required the payment of higher salaries than in other areas of the state.
- ❑ Performance-driven pay practices allow variable pay increases rather than the fixed, prescribed adjustments of the past. These pay practices provide managers with a mechanism to financially reward employees for their organizational contributions without having to rely on the traditional practices of promotion and position reallocation.
- ❑ The 2000 program shifted from a position-based to a more person-based system with emphasis on employee career growth, and recognition.
- ❑ Agencies prepare Agency Salary Administration Plans, which allow agencies to tailor the compensation program to their culture and operational needs and communicate its compensation philosophy and pay administration policies to employees.
- ❑ The responsibility and accountability for compensation administration has shifted from DHRM to agency management.
- ❑ Accurate and reliable salary data is available on-line to assist agency managers in managing their employees' compensation.
- ❑ A monetary and non-monetary rewards and recognition program is available to agencies, allowing them to acknowledge and reward employees' contributions to the overall objectives of the agency and the Commonwealth. Agencies prepare plans to guide their use of the program.
- ❑ A centralized Employee Suggestion Program (ESP) provides employees with an opportunity to be rewarded for innovative and creative ideas for improving state government.

CAREER PLANNING

- ❑ Employees have the opportunity to participate in workforce planning. DHRM has developed Career Guides for all of the Commonwealth's major occupations. The Guides help employees to assess and compare their education and technical expertise with state and industry standards, and to explore career paths in step with the future needs of state, federal, and private employers.

COMPENSATION EMPHASIS IN BUDGET

DHRM continues to promote the idea that employees' compensation should be considered a cost of doing business and should be funded accordingly. The awareness of employee salaries as a budget priority has increased and salary increases have been , although funding resources have been very limited in recent years.

- ❑ In 2002, employees with a performance rating of Contributor or Extraordinary Contributor had the choice of a one-time 2.5% cash bonus; ten additional days of paid leave; or five additional days of leave and a one-time 1.25% cash bonus.
- ❑ State employees with a performance rating of Contributor or better received a 2.25% salary increase effective November 25, 2003.
- ❑ Employees with a performance rating of Contributor or better received a 3% salary increase on November 25, 2004.
- ❑ On November 25, 2005, employees with performance ratings of Contributor or better received a 3% salary increase. In addition, those hired before 11/25/2000 received a \$50 base salary increase for each year of continuous service.
- ❑ Employees with performance ratings of Contributor or better received a 4% salary increase effective November 25, 2006. Also, agencies received 0.5% of their payrolls to help them fund pay practices administered according to the compensation policy.
- ❑ The budget for the coming fiscal year, July 1, 2007 – June 30, 2008, includes a 4% base salary increase for employees rated Contributor or better to be granted November 25, 2007. .

FAIRNESS AND EQUITY

Promoting fairness, equity, and equal opportunity is one of the Commonwealth's highest priorities. The policies and procedures that support this goal must be considered and applied in any programs such as succession planning, knowledge transfer, and mentoring. Selection of employees for participation in these programs must be non-discriminatory and based on the performance, competencies, and suitability of such employees.

DHRM's Office of Equal Employment Services (EES) provides technical guidance to state agencies in determining if there is a non-discriminatory business reason explaining an indicator of disparate impact. EES notifies agencies when the **EEO Assessment Tool** reveals indicators of disparate impact against minorities, females, veterans, or persons within the protected age group, regarding any employment practices. Agencies are asked to submit, within 30 days, either a legitimate non-discriminatory business reason or a corrective action plan designed to eliminate the disparate impact.

DHRM designs and issues guidelines for a statewide Equal Employment Opportunity Plan to support the Governor's Executive Order 1 (2006). These guidelines:

- ❑ Require state agencies to develop an equal employment opportunity plan which, at a minimum, will consist of an EEO policy statement pledging to non-discriminatory practices, and fairness and equity in all aspects of human resources management;
- ❑ Describe the development of Affirmative Action Plans (AAP's) for those agencies (federal contractors or grantees) who are required to have traditional AAP's in place;
- ❑ Require all state agencies to maintain an EEO policy statement;
- ❑ Delay completion of the Statewide Equal Employment Opportunity Plan until the rollout of Phase III of the new web-based EEO Statistical Monitoring Tool; and
- ❑ Include updated information to support development of affirmative action plans, including Labor Market Availability Data from 2000 Census.

DHRM also designs and implements a statistical evaluation of state agencies' human resources management practices. Recent activities in this area include:

- ❑ Implementing an evaluation program and providing an annual training program for HR professionals on statistical methodologies, including the analysis of data describing applicant flow, selection, reallocations, employee performance evaluations, compensation, standards of conduct, involuntary terminations and training;
- ❑ Designing and deploying an interim data collection and analysis system; and
- ❑ Initiating appropriate corrective action(s) where problems or indicators of problems are identified.

Other recent fairness and equity activities conducted by DHRM include:

- ❑ Submitting an annual report to the Secretary of Administration on program activities;
- ❑ Introducing a training program, Statistical Methodologies for HR Professionals, designed to enhance state HR professionals' understanding of unlawful discrimination based on disparate impact and to provide information concerning "best practices" to address or to avoid instances of disparate impact;
- ❑ Initiating the Commonwealth's Equal Employment Opportunity Compliance Program, consisting of the EEO Assessment Tool, the EEO Calculator, and the Applicant Flow component, covering all of the statistical applications sanctioned by the US Supreme Court and the federal Equal Employment Opportunity Commission (EEOC) for determining whether agencies' employment practices result in disparate impact against protected groups;
 - The purpose of the EEO Assessment Tool is to ensure fairness and equity in all tangible employment practices, ensure compliance with all relevant federal and state laws/regulations, and provide agencies with the ability to review proactively their employment practices;
 - The EEO Calculator provides agencies with the means to assess potential disparate impact against minorities, women, older employees (40 yrs. and older), and veterans concerning the prospective implementation of certain employment practices, including layoffs, in order to ensure fairness and equity. The Applicant Flow component is designed to determine whether agencies' hiring practices result in disparate impact against the aforementioned groups;
- ❑ Issuing rulings, on behalf of the Director of DHRM, addressing appeals to hearing officers' decisions from either state agency representatives or state employees. Either party may file an appeal asserting that the hearing officer's decision is inconsistent with relevant DHRM's policies and procedures;
- ❑ Investigating complaints of discrimination consisting of allegations of discrimination. Standard for case closure is 120 days.

DHRM has also designed and implemented a comprehensive EEO outreach and communications program. The agency conducts Open Enrollment training courses covering topics of Legal Recruitment and Selection Practices, Sexual Harassment Prevention (Supervisory and Non-Supervisory Employees), ADA for Managers/Supervisors, and Fundamentals of EEO Laws.

CONSTRAINTS

Virginia's human resource management system is designed to attract and retain qualified employees and to motivate them by rewarding sustained performance. It provides

agencies with flexibility to support their hiring, developing, and managing their employees. However, there are constraints to these activities.

Funding

Like much of the nation, Virginia's primary obstacle, and human resource's greatest challenge, is funding. Financial constraints have delayed the implementation of variable performance increases under the current compensation program. They were also the primary reason for the failure of the previous Incentive Pay program. Much effort is devoted to developing innovative solutions that enable the Commonwealth to continue to attract and employ a highly qualified and diverse workforce. Monetary and non-monetary awards must be used creatively, enabling agencies to continue to recognize workforce accomplishments within budgetary allowances.

Lack of available skill sets

The labor market also presents challenges for certain critical jobs when there is strong competition from the private sector (e.g. nurses and scientists) or when skill sets are not available because of the unique nature of some government functions. Labor markets often change quickly and these challenges will increase as the supply of skilled workers diminishes.

Public Service Image

It may be difficult to overcome the public perception of government as the employer of last resort, rather than the employer of choice. State agencies must portray an image that is positive to current and potential employees while not appearing to be excessive in spending public funds.

Perceived Limited Career and Salary Growth

As with other public employers, there is a perception that salary growth and career opportunities are limited. This perception has resulted from inconsistent funding for employee salary increases and from the position of salaries being generally below the market rate paid by other employers.



This section has provided a description of the programs that DHRM conducts for its serviced agencies. Additional information may be obtained by contacting a DHRM consultant in the Office of Agency Human Resource Services (AHRS).

Web-based workforce planning resources available to agencies are described in the Appendix.

APPENDIX

VIRGINIA WORKFORCE PLANNING RESOURCES on the WEB

Currently, workforce planning data, reports, and tools, for Virginia state agencies are available to those who are registered to use them at:

<http://www.dhrm.virginia.gov/workforceplanning.html>

The material covers each of the fiscal years, 2003 – 2006, and FY 2007 to date. Each agency may access its own data and the aggregated statewide, or total, data.

The material spans several topics:

Demographics
Disciplinary Actions
Exceptional Incentive Options
Hiring
Layoffs
Leave
Pay Practices
Performance Management
Recognition
Retirement Eligibility
Role and SOC Code Rankings
Turnover

The content of the topics appears below. Most content items primarily provide counts.

Demographics

- Total Employment
- Employee Counts
- Actual Salary -- Summary statistics
- Annualized Salary -- Summary statistics
- Pay Band
- Race by EEO Job Category:
- Gender by EEO Job Category:
- Age
- Age Range by EEO Job Category:
- EEO Job Category
- Veterans Status
- Years Of Service
- Years Of Service Range
- Position Telecommute
- Employee Telecommute
- Position Alternate Work Schedule

- Employee Alternate Work Schedule
- Area
- Location

Disciplinary Actions

- Disciplinary Actions (non-separation)
- Disciplinary Actions (separation)

Exceptional Incentive Options

- Exceptional Incentive Options
- Average Incentive Amounts

Hiring

- Hires
- Rehires
- Starting Salary by Pay Band -- Summary statistics
- Starting Salary by Role Code -- Summary statistics
- Starting Salary by SOC Code -- Summary statistics

Layoffs

- Layoff, Leave
- Layoff, Separation
- Layoff, Status Changes

Leave

- Disability Leave
- Leave With Pay
- Leave Without Pay

Pay Practices

- Competitive Offers
- In-Band Adjustment
- In-Band Bonus
- New Positions (non-layoff)
- Role Changes
- Temporary Pay
- Average Change in Salary

- Average Percent Change in Salary
- In-Band Adjustments by Pay Band

Performance Management

- Performance Ratings

Recognition

- Recognition Categories
- Average Award Amounts

Retirement Eligibility

- When Eligible for Unreduced Benefits
- When 65 Years Old with 5+ Years of Service
- When 50 Years Old With 30+ Years of Service
- By EEO Job Category
- By Career Group

Role and SOC Code Rankings

- Top 25 Role Codes
- Top 25 SOC Codes

Turnover

- All Turnovers
- All Turnovers By Years of Service
- Layoffs (non-retirements)
- Other Separations
- Removals
- Resignations
- Retirements
- Combined Turnovers
- Net Change in Employment

In addition to the large amount of pre-formatted material available to agencies, extensive data repositories allow agencies to extract targeted data in order to prepare custom reports. The data are in two forms. The first contains employee and position data captured at specific points in time going back to June 30, 1991. The current data capture periods are the 16th and the end of

each month. The second contains all transactions entered into the personnel management information system with the accompanying before and after data. The archive of transactions goes back to January 1999. Agencies can extract all the transactions occurring between any two dates from that date to the present, or limit the extraction to any particular kind of transaction, in order to conduct analyses.